

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2233-01
Bill No.: HB 963
Subject: Department of Urban Conservation
Type: Original
Date: April 9, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue*	\$0	(\$31,502)	(\$54,553)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$31,502)	(\$54,553)

* Subject to voter approval.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Auditor's Office, Office of Administration - Division of Facilities Management Office, Office of Administration - Division of Accounting, Office of the Secretary of State, Department of Economic Development** and the **State Treasurer's Office** assume this proposal would not fiscally impact their respective agencies.

Officials from the **Office of Administration - Budget and Planning (BAP)** assume the need for an Analyst II (at \$43,308 annually) and all the necessary expense and equipment. The BAP states the Division of Budget and Planning is traditionally funded from general revenue. Other services from the Office of Administration may be funded through the new urban conservation fund. It is assumed that an unknown amount for start-up costs would be provided by the new fund.

Officials from the **Office of Administration - Division of Personnel** assume there could be additional costs to the division if the new department staff were under the merit system.

Oversight assumes if voter approval is attained in the November 2002 election for this proposal, the new department would commence operations in January, 2003, or FY 2003. Therefore, Oversight assumes the new FTE for Budget and Planning will be required for only six months in FY 2003, and for all of FY 2004. Oversight has adjusted the salary estimates for new FTE for Budget and Planning to reflect an entry level salary of \$36,000 per year.

In order to reflect the income and expenditures in the same fiscal note, the operational expenses for the new Urban Conservation Department are reflected in the fiscal note prepared for HJR 19 for 2001. Therefore, for purposes of this fiscal note, the costs and expenses to be incurred by the new commission and the new department are assumed to be zero.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
<u>Costs - Office of Administration</u>			
Personal Service (1 FTE)	\$0	(\$18,911)	(\$38,768)
Fringe Benefits	\$0	(\$6,303)	(\$12,921)
Expense and Equipment	<u>\$0</u>	<u>(\$6,288)</u>	<u>(\$2,864)</u>
<u>Total Costs - Office of Administration*</u>	\$0	(\$31,502)	(\$54,553)

* Subject to voter approval

FISCAL IMPACT - Local Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal creates the Urban Conservation Commission. The commission is responsible for creating a comprehensive 10-year plan to address the problems associated with distressed urban areas. Specifically, the plan must address how distressed urban areas can do the following:

- (1) Promote a vigorous and growing economy;
- (2) Prevent economic stagnation and encourage the creation of new jobs;
- (3) Reduce the level of public assistance;
- (4) Reduce the rate of crime and delinquency;
- (5) Increase the level of education;
- (6) Reverse declining property values in urban areas;
- (7) Increase revenues to the state and municipalities; and
- (8) Achieve a diversified economy.

The plan will contain initial proposals for addressing the revitalization of each area in the state that is identified as a distressed urban area and will propose a time line in which the revitalization of each area will occur. The commission will update the comprehensive plan periodically.

The proposal is contingent upon approval of a constitutional amendment creating the Urban Conservation Commission and the Department of Urban Conservation.

The proposal states the new Urban Conservation Commission shall;

- designating specific distressed urban areas in the state where the director shall direct a program of concentrated revitalization, and
- in cooperation with federal, state and local governments and agencies, develop a plan to effectuate such targeted concentrated revitalization.

The proposal also states the new Urban Conservation Commission may;

- acquire land in distressed urban areas to remove obsolete, inefficient, dilapidated or outdated structures and assemble suitable sites for building and development,

DESCRIPTION (continued)

- appoint an advisory commission from a distressed urban area to advise the department regarding the creation of a program of concentrated revitalization for the distressed urban area, and
- apply for and receive grants, gifts, donations and financial assistance from federal agencies or private individuals or entities to complete its duties.

The new Department of Urban Conservation shall;

- provide relocation assistance to displaced persons who relocate permanently and voluntarily from real property as a direct result of the acquisition, rehabilitation or demolition of the property by the department,
- provide assistance to municipalities and community organizations,
- provide comprehensive information on existing urban development and revitalization programs,
- coordinate programs to remedy problems in distressed urban areas,
- provide information and assistance to the governor and general assembly in the coordination, consolidation and improvement of state policy regarding urban areas, and
- represent the governor before federal agencies on matters of importance to coordinate policy for the revitalization of urban areas.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Division of Facilities Management
Division of Accounting
Budget and Planning
Division of Personnel
Department of Economic Development
State Treasurer's Office
State Auditor's Office
Office of the Secretary of State



Jeanne Jarrett, CPA
Director
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